FY 2007-08 LME Service Dollars Allocation: Legislative Actions

Below is a summary of three actions taken by the General Assembly in the 2007 session relating to the allocation of services funding to the Local Management Entities (LMEs). The Division of MHDDSAS needed to consider these actions before completing the LME Service Dollars Allocation.

1. Realigned Funding

- In FY 2006-07 a total of $47.7 million in MH/DD/SA service funds were unexpended by LMEs.

- The General Assembly (GA) realigned $27.8 million of those funds in FY 2007-08 (58%) (see back page for specifics on realignment).

- The table below shows the amount unexpended in each service type, the amount realigned, and the amount remaining for FY 2007-08.

	FY 2006-07 Unexpended	FY 2007-08 Realigned	Remaining
Mental Health Services	19,793,500	15,028,638	4,764,862
Developmental Disabilities Services	13,791,231	7,750,000	6,041,231
Substance Abuse Services	10,676,571	5,000,000	5,676,571
Non-Disability Specific Services	3,448,638	0	3,448,638
Total	**$47,709,940**	**$27,778,638**	**$19,931,302**

Note: $5 million of the realigned funding for Developmental Disabilities Services was transferred to the Division of Medical Assistance for the CAP-MR/DD program.

2. LME Administrative Cost Model

- In S.L. 2007-323, Section 10.49(ff), the GA directed the Department of Health and Human Services to fully fund the State's contribution for LME system administration.

- The State funding gap for LME System Administration is $20.6 million, taking into account the $500,000 appropriation for LME System Administration for FY 2007-08 and the Johnston County LME reduction for failing to meet minimum LME size requirements. Calculations are shown below:

New LME Cost Model Total Cost	130,526,895
Less Medicaid Funding	(54,003,914)
State Funding Needed	**$76,522,981**
Less State Funding Available	(55,234,089)
State Funding Gap	**$21,288,892**
Less FY 2007-08 Appropriation	(500,000)
Less Johnston County LME "Undersize Penalty"	(236,721)
New State Funding Gap FY 2007-08	**$20,552,171**

- Additionally, the GA reduced State appropriations by $2.3 million in account codes used by the Division in FY 2006-07 to fund the LME system administration gap.

3. Service Dollar Appropriation Requirements

- In S.L. 2007-323, Section 10.49(jj), the General Assembly directed that in allocating funds from existing resources to LMEs for administrative costs, the Department ensure that each LME receive at least the same amount of services dollars as they spent in FY 2006-07.

2007 Realignment of MH/DD/SA Services Funding

In FY 2006-07, $47.7 million in budgeted MH/DD/SA services funding was unexpended. In 2007, the General Assembly realigned 58% ($27.8 million) of that amount in FY 2007-08 and 54% ($25.8 million) of that amount in FY 2008-09. These funds will be used in the following ways:

Mental Health Services
A total of $15,028,638 in FY 2007-08 and $15,035,584 in FY 2008-09 realigned from mental health services funds (of a total of $19.8 million unexpended) was appropriated as follows:

	FY 2007-08	FY 2008-09
Crisis Services	13,737,856	13,737,856
Supported Employment	1,250,000	1,250,000
Mental Health for Returning Veterans	40,782	47,728
Total	$15,028,638	$15,035,584

Developmental Disabilities Services
A total of $7,750,000 in FY 2007-08 and $5,750,000 in FY 2008-09 realigned from developmental disability services funds (of a total of $13.8 million unexpended) was appropriated as follows:

	FY 2007-08	FY 2008-09
CAP-MR/DD	4,500,000	4,500,000
Supported Employment	1,250,000	1,250,000
Early Intervention for Autism	2,000,000	
Total	$7,750,000	$5,750,000

Substance Abuse Services
A total of $5,000,000 in each year realigned from substance abuse services funds (of a total of $10.7 million unexpended) was appropriated for regionally-purchased, locally-hosted substance abuse programs. In addition to this funding, $1 million (recurring) in each year was appropriated for this item.

	FY 2007-08	FY 2008-09
Regionally-Purchased, Locally-Hosted Substance Abuse Programs	5,000,000	5,000,000
Total	$5,000,000	$5,000,000